



Title: I, Payroll/Personnel Manual
Chapter: 28, Section 2, Tax Formulas (TAXES)
Bulletin: TAXES 09–21, Earned Income Credit (EIC)
Date: March 5, 2009
To: Holders of the Payroll/Personnel Manual
Personnel User Groups
Agency Personnel Offices

Beginning with wages paid for Pay Period 5, the National Finance Center (NFC) will make the following changes to the Earned Income Credit (EIC) advance payment formula:

- The maximum limit on year-to-date earnings to be eligible for an EIC payment changed from \$38,583 to \$40,464 for Married filers.
- The EIC tables changed for employees filing as Married Without Spouse Filing Certificate, and Married With Both Spouses Filing Certificates.

To view and/or print the updated EIC advance payment formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications tab**. Then on the right-hand Quick Picks menu, click **Tax Formulas** and select **Federal** from the map provided. Changes to the EIC advance payment formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504–255–4630**.

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Earned Income Credit (EIC) Advance Payment Information

►(Effective Pay Period 5, 2009)◄

Use the following steps to calculate the EIC advance payment. **Note:** Once the employee's year-to-date annual taxable wages paid reach **\$35,463** or more for **single, head of household, or widow(er)** filers or **►\$40,464◄** or more for **married** filers, the EIC advance payment is \$0.00.

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefit Plan payment(s) (includes flexible spending account – health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual taxable wages.
5. If the employee (**single, head of household, or qualifying widow(er)**) is filing for EIC advance payment, apply the annual taxable wages to the following table:

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:			
Over:	But Not Over:			Of Excess Over:	
\$ 0	\$ 8,950.00	\$ 0	plus	20.400%	\$ 0
8,950.00	16,420.00	1,826.00			
16,420.00	35,464.64	1,826.00	less	9.588%	16,420.00
35,464.64	and over	0			

6. If the **married employee (not spouse)** is filing for EIC advance payment, apply the annual taxable wages to the following table:

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:			
Over:	But Not Over:			Of Excess Over:	
\$ 0	\$ 8,950.00	\$ 0	plus	20.400%	\$ 0
8,950.00	►21,420.00	1,826.00			
21,420.00	40,464.63	1,826.00	less	9.588%	21,420.00
40,464.63◄	and over	0			

7. If the **married employee and spouse** are filing for EIC advance payment, apply the annual taxable wages to the following table:

If the Amount of Annual Wages Is:		The Amount of EIC Advance Payment Should Be:			
Over:	But Not Over:			Of Excess Over:	
\$ 0	\$ 4,475.00	\$ 0	plus	20.400%	\$ 0
4,475.00	►10,710.00	913.00			
10,710.00	20,232.31	913.00	less	9.588%	10,710.00
20,232.31◄	and over	0			

8. Divide the annual EIC advance payment amount by 26 to obtain the biweekly EIC advance payment amount.